

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

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In the Matter of)	
)	
1998 Biennial Regulatory Review --)	IB Docket No. 98-118
Review of International Common)	
Carrier Regulations)	

REPLY COMMENTS OF WORLDCOM, INC.

WorldCom, Inc. ("WorldCom") hereby submits its reply comments in response to the comments filed regarding the Commission's *Notice of Proposed Rulemaking* in the above-captioned proceeding. WorldCom supports the Commission's efforts to simplify and streamline its rules. It encourages the Commission to adopt its proposals, with the modifications proposed by WorldCom in its initial comments and in these reply comments.

A. **Blanket Section 214 Authorizations**

In its comments, WorldCom supported the Commission's proposal to issue a blanket Section 214 authorization for the provision of facilities-based or resold international services on unaffiliated routes. An important advantage of this proposal is that it would create a clear, simple, bright-line standard.

Several other commenters have proposed that the Commission significantly expand the scope of services covered under the blanket authorization. Such an expansion would undermine the Commission's goals of streamlining and simplification. For example, GTE Service Corporation ("GTE") states that "[b]lanket authorizations should also be granted if [an] affiliate operates in a WTO member country which has liberalized its

telecommunications industry in accordance with its market opening commitments."¹ GTE's proposed standard, however, is wholly subjective and fact-specific, and would require extensive Commission proceedings to determine which countries meet this standard.

In addition, GTE argues that a blanket authorization should be available to carriers serving affiliated markets when the relevant settlement rate on the route is at or below the benchmark.² GTE ignores the fact, however, that a foreign carrier affiliate that meets the settlement rate benchmark may retain significant market power that can be leveraged anticompetitively. Thus, such foreign carrier affiliates should not qualify for blanket authority.

Similarly, the Competitive Telecommunications Association ("CompTel") recommends that the Commission extend blanket Section 214 authority to foreign affiliates that do not provide international services.³ CompTel fails to acknowledge, however, that overseas carriers providing "domestic" services may nonetheless control bottleneck facilities that are essential for the origination or termination of international services.⁴ The Commission thus should reject these proposals. In any event, carriers with non-dominant foreign affiliates are eligible for streamlined processing.

¹ GTE Comments at 3.

² *See id.*

³ *See* CompTel Comments at 2-3.

⁴ Indeed, such carriers are included within the definition of "foreign carrier" for affiliation purposes under Section 63.18(h)(1)(ii) of the Commission's Rules ("[f]oreign carrier . . . includes entities authorized to engage in the provision of domestic telecommunications services if such carriers have the ability to originate or terminate telecommunications services to or from points outside their country"). 47 C.F.R. Section 63.18(h)(1)(ii).

B. Provision of Service by Wholly-Owned Subsidiaries

WorldCom and a number of other commenters support the Commission's proposal to amend Section 63.21 of the Commission's Rules to provide that an international Section 214 authorization effectively permits a carrier to provide services through its wholly-owned subsidiaries. WorldCom, Primus Telecommunications, Inc. ("Primus"), GTE, Iridium U.S., L.P. ("Iridium"), and MCI Telecommunications Corp. also recommend that the Commission extend this proposal to include "sister" affiliates with the same ultimate ownership.

In addition, Primus suggests that the Commission allow carriers the choice either to maintain separate tariffs for separate subsidiaries or to concur in affiliates' tariffs.⁵

WorldCom supports Primus's proposal. Subsidiaries and "sister" companies that are eligible to operate under the same Section 214 authorizations should also be free to operate under the same tariffs.

C. Reorganization of Part 63 Rules

1. Approval Process for ISR

WorldCom, Primus, MCI, and a number of other commenters support the Commission's efforts to streamline its approval of ISR on routes that meet the Commission's ISR standards. WorldCom supports MCI's proposal for further streamlining: a country would become authorized for ISR upon meeting the 50 percent benchmark settlement rate threshold.⁶ When this standard is met for a particular route, the Commission should issue of public notice indicating that ISR is permitted on the route. The Commission will thereby

⁵ See Primus Comments at 4.

⁶ See MCI Comments at 9.

ensure that carriers are able to implement ISR as soon as possible after a country route meets the settlement rate benchmark.⁷ In addition, the Commission should publish a list of all authorized ISR routes on a regular basis.

In its comments, Cable & Wireless ("C&W") proposes significant changes to the Commission's ISR policies. C&W asks the Commission to permit subsets of services, such as non-voice services, to be provided via interconnected international private lines when the foreign destination country does not otherwise qualify for ISR approval.⁸ WorldCom opposes this request. C&W raises a significant, substantive policy issue that is well beyond the scope of this proceeding. The Commission's goals in this proceeding are to simplify and streamline the Commission's current rules and policies -- not consider major policy departures. WorldCom thus urges the Commission to reject C&W's proposal.

2. Reexamination of the Foreign Affiliation Standard

In addition to seeking the reexamination of the Commission's ISR policies in this proceeding, C&W also asks the Commission to reconsider its foreign affiliation standard. First, C&W requests that the Commission reverse its decision in the *Benchmarks Order* to apply settlement rate benchmarks to carriers which hold minority interests in foreign carriers.⁹ Second, C&W asks the Commission to revise the its affiliation standard in Section

⁷ If the Commission is not inclined to adopt MCI's proposal, WorldCom recommends that the Commission adopt a streamlined public notice and approval process for ISR, as proposed in WorldCom's initial comments. See WorldCom Comments at 5-6.

⁸ See C&W Comments at 6-7.

⁹ See *id.* at 9-11.

63.18(h)(1)(i)(A) to suit C&W's current business arrangements.¹⁰

The Commission should deny C&W's requests. Again, C&W has raised fundamental policy issues which are clearly outside the scope of this proceeding. C&W's claim that it is merely seeking "clarification" of the Commission's affiliation definition in Section 63.18(h)(1)(i)(A) is simply wrong. The current rule is clear. Rather, C&W wants the Commission to take the inappropriate step of changing its affiliation definition in this proceeding to suit C&W's own narrow interests.

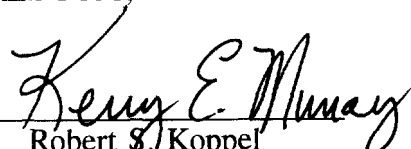
E. Conclusion

In conclusion, WorldCom supports the Commission's efforts to streamline and simplify its rules and procedures. WorldCom urges the Commission to adopt its proposals, with the modifications recommended in WorldCom's initial comments and in these reply comments.

Respectfully submitted,

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¹⁰ See *id.* at 11.

CERTIFICATE OF SERVICE

I, Susanne Deljoubar, hereby certify that I have this 28th day of August, 1998, sent a copy of the foregoing "Reply Comments" by first-class, U.S. mail, postage prepaid to the following:

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